

AR36

Ken Smith

Full Prudential People
ANNUAL REPORT ISSUE
Spring 1970

Prudential

INSURANCE CO. OF AMERICA

To All Prudential People

The annual reports of most business institutions, including Prudential, relate in considerable statistical detail the results of their operations for the previous year. But for Prudential—which provides family financial security for millions of Americans and Canadians and which touches the lives of millions more as a major, socially oriented institution—statistics, however impressive, do not adequately tell Prudential's story.

So for several years we have been using the spring issue of *Prudential People* as the company's annual report. The magazine's very name is appropriate, because it is you—58,000 Prudential people . . . in the United States and Canada . . . in the field and the home offices—who produced our excellent results for 1969. And it was you who further projected Prudential's reputation as a sensitive and socially responsible company.

Our sales and investment records are documented on the following pages.



They are impressive. But perhaps our real accomplishment is recorded in the story (page 28) of Mrs. Howard Willingham, a widow whose burden has been lightened by the unique mechanism of life insurance. Mrs. Willingham's story, repeated as it is thousands of times across two great nations, is what Prudential is all about.

Another dimension of our concern for people and their welfare is our enlarging role as a good corporate citizen. One example is our participation in the urban investment program of the life insurance industry. ("A Second Step Forward," page 20). Another is the tremendous contribution Prudential people everywhere make to a countless variety of civic and community activities. This work is typified by the winners of our Community Service Awards (page 22).

While all of us are proud of our achievements, we cannot afford to rest on past accomplishments. We must look not to the past but to the future. This issue of *Prudential People* projects a feeling for the future and Prudential's part in it. We are beginning to serve the security needs of the public in new ways. More are in the planning stage. Our new corporate identification system provides a sense of vitality and change (page 14). And, perhaps as important as all the rest, those bright young people who are joining our Prudential family ("Class of '69," page 32) symbolize the kind of talent and dedication that will guarantee our company a continuing role of leadership in the seventies and beyond.

So I commend this issue of *Prudential People* to you. As you read it, each of you can take pride in the story that is told here. You helped write it.

A handwritten signature in dark ink, reading "Donald S. MacNaughton".

Donald S. MacNaughton
President

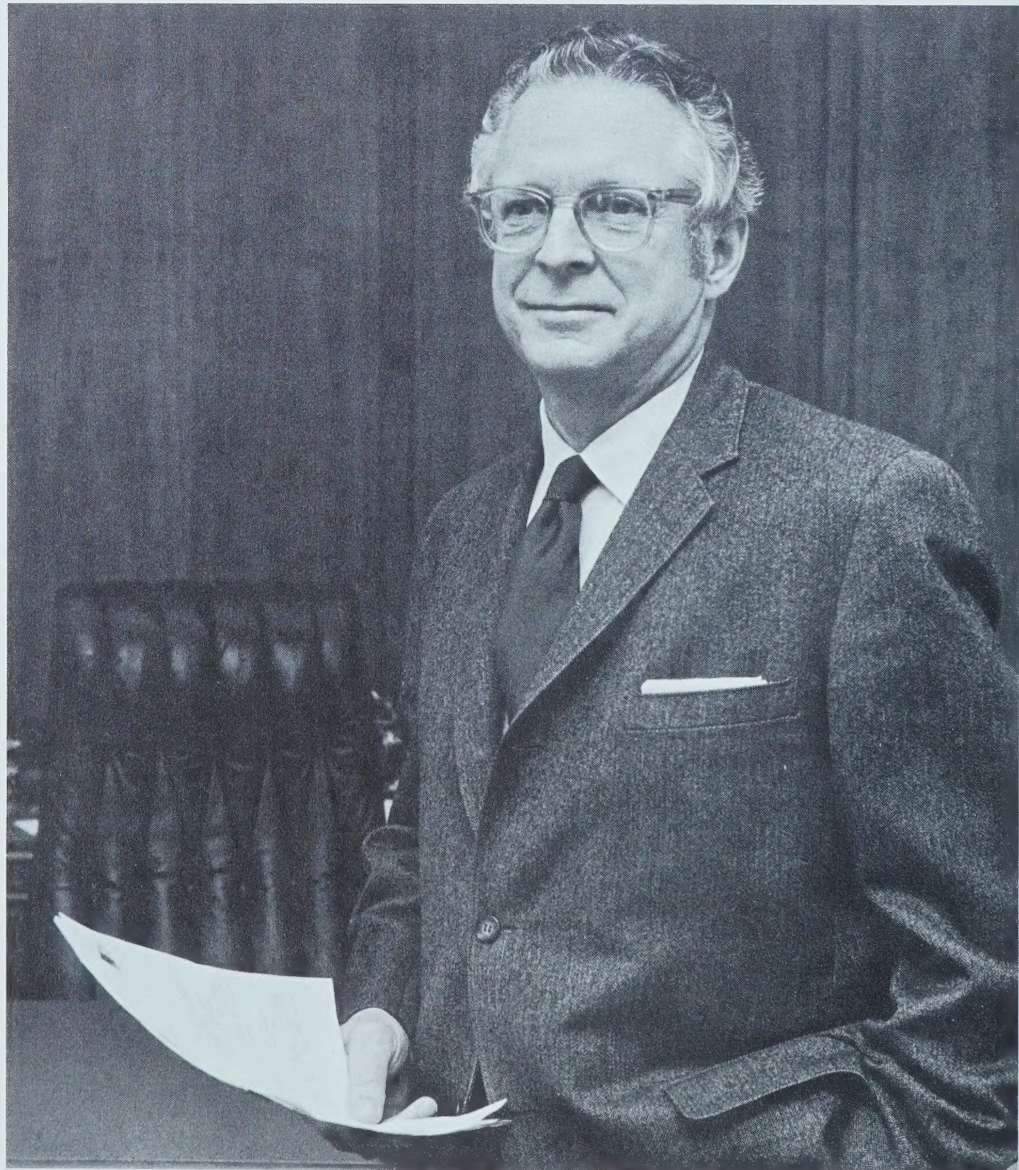
Selling in the 70s

Again last year, Prudential sold more life insurance than any other company in the world. In this interview — Kenneth C. Foster, CLU, Executive Vice President in charge of marketing — tells why . . . and how we are poised for selling in the 70s.

Mr. Foster, what are the facts behind our best sales year in history?

Prudential people from all parts of the United States and Canada did quite a job! The figures speak for them: \$15 billion in total life insurance sales, \$10 billion in individual life sales, \$4 billion in group life sales — all the highest in the industry for 1969. Our Group Annuity assets increased about \$400 million to a total of over \$6 billion, which is also a first in the industry.

Agents — field management — group representatives — the field service staffs — provided the leadership, the salesmanship and service support needed to build such records. Our home office people — administrative and investment



as well as marketing — backed them up so that together we got the job done.

Then you would say everything is going perfectly?

Of course not. We are often critical of ourselves because we recognize one area or another in which we're not getting the job done as well or as fast as we could. Our record says we are doing quite a few things right, but this doesn't lead us to complacency.

It is not easy to provide the good service that the field staff and our clients are entitled to. There is always more that can be done better or faster and we must all keep pursuing excellence — as elusive and hard as it may be to attain.

What's the latest on our equity-based Financial Security Program?

We are strictly limited as to the publicity we are allowed to give this plan. But, as you know, we started our first pilot operation on January 2 in California. We are now operational in at least one state in each of our eight U.S. regional home office territories. By year end we will be fully operational in nearly all states.

Will a similar program be designed for the people of Canada?

Our Canadian head office has already done a lot of development work. The problems and tax aspects are different in Canada but probably equity investment contracts appropriate to Canada will be developed.

Do you expect that the Financial Security Program will adversely affect our life insurance sales?

Definitely not. Prudential representatives will use the Financial Security Program to supplement life sales, not to substitute for them. This result has been proved already.

Then you still believe that life insurance should come first in a person's investment program?

That's basic. But not just adequate life insurance — adequate permanent life insurance. The whole life policy is still the financial miracle of our business. It provides income replacement against death as long as needed — not just for a term of years — and it does so at a level premium because there is being reserved within the contract a guaranteed number of dollars which affects mortality increases due to increasing age. Permanent life insurance itself is an investment. The Financial Security Program is designed to balance life insurance with a common stock account managed by Prudential's experienced professional staff.

Mr. Foster, how do you see selling in the 70s?

We all need to raise our sights above
(continued next page)

Our 1969 Sales at a Glance

(in billions)

Individual life insurance sales	\$10.835
Group life sales	4.172
Total life insurance sales . .	15.007

(in millions)

Annual premiums, health insurance sales	\$106.10
Annual premiums, group annuity sales	45.09
Annual premiums, individual annuity sales . . .	14.08

* * *

Total life insurance in force:
\$146.237 billion (\$91.763 billion, individual insurance; \$54.474 billion, group insurance).

Mr. Foster and his top sales executives. L to R: Senior Vice Presidents Kenneth C. Nichols, CLU, group insurance operations (Mr. Nichols was recently named head of our eastern home office and has been succeeded by James B. Jacobson, CLU); William P. Lynch, CLU, district agencies; Robert A. Beck, CLU, ordinary agencies; Senior Vice President and Actuary Meyer Melnikoff, group annuity operations.



those that were appropriate in the 60s. There will be more people in the age groups that are prime buyers of life insurance. Larger amounts of life insurance will be needed to keep up with the cost of living. More health insurance will be needed for medical and disability expenses. There will be more disposable income available to buy both. We must plan our interviews so that our recommendations and sales are realistic in relation to the increased needs and increased disposable income. I'm sure we will demonstrate with FSP that prospects have the means to buy.

You mean it's just more of the same?

Only partly that. Our Financial Security Program is not more of the same, for example. But much of what we need is more of what we've always needed — our business gets more complex as we adjust to the more complex needs of our prospects and clients — which requires more expert knowledge, more professionalism.

What is new in marketing planning for the next few years?

Many things. In the U.S. we started this decade with a substantial revision of our life portfolio which we expect to be very popular. A similar revision is planned for Canada in 1971. It will be close to a year before we get FSP fully operational and integrated with our daily activities. As you know, we have been studying the fire and casualty business and will have something definite to say on that when the timing is appropriate.

Our new Group Security Program for the ten-to-thirty-four employee cases will be piloted shortly, and we expect it to be available in all states by the middle of August. We are working on a related program for the two-to-nine life range. Canada is developing a new group program for small business firms.

The 70s should show the fruit of many years of work in individual policy pension plans. Only last year were we able to develop master plans which the Internal Revenue Service would approve and which greatly simplify the agent's job and home office services.

We are studying many more projects — some old ideas and some way out — but I could go on forever on this subject.

Our 1969 Group Insurance record was the best ever. What do the 70s hold?

One of the rapidly emerging coverages is Group Survivor Benefits Life Insurance. Compared with traditional plans related to earnings only, this coverage provides insurance more closely related to employee and family need. Prudential people responded very favorably when we offered it as part of our own benefit plans. Many other employers are interested in this particular coverage and we expect very rapid expansion in the 70s.

Computers are enabling us to improve service to Group policyholders — the new Group Security Program mentioned earlier is specifically designed to secure maximum advantage from advanced computer techniques — and we have a project under development which will eventually make Group Health Claim payments more accurate, faster and at less cost — a good combination!

We are also experimenting with some mass marketing techniques in both the Group Insurance and Group Annuity areas that will encourage the use of agents during enrollments.

Are there any special plans for Group Annuities in the 1970s?

Both Group Insurance and Group Annuities operate in a climate of rapid change. Our Group Annuity business had an explosive growth in the 60s in size, diversity, and complexity. We have been able to establish separate accounts invested in common stocks since 1962 in the U.S. and since 1968 in Canada, which

have permitted more flexible plans as well as variable annuity benefits. We can now meet our clients' needs without any if, ands and buts. Already we have over one-and one-quarter billion dollars in common stock separate accounts, which is by far the largest in any life insurance company. The word is rapidly getting around that we are experienced and competent in the professional management of money, which is such an important part of any pension plan.

We expect our Group Annuity business to continue to broaden, including new forms such as profit sharing and savings plans. It will be one of the company's major growth services in the 70s.

In the 70s do you expect the criteria for business success to change in any way?

Some but not much. The pace will quicken. Change will continue to prevail. We will need to raise both our training and our sales sights to take full advantage of old and new opportunities as we broaden our services. The thousands of Prudential people who have received or are studying for their Chartered Life Underwriter designations know that this kind of training is hard but rewarding. Thousands more who are now going through NASD licensing and FSP training know how much hard work is required. But they will find it rewarding over the years ahead.

These and other outside educational and training courses, together with Prudential's own development programs, will become increasingly essential.

It may sound a little corny, but in the 70s as in the 60s, the Future Will Belong To Those Who Prepare For It.



Henry E. Arnsdorf (left) and Jack T. Kvernland discuss one of our new best sellers in the U.S.—“The Professional 50.” This low-cost \$50,000 minimum policy for executives was introduced last year: 1969 sales: \$100 million. The “Pro-50” ad ran in leading business publications. Mr. Kvernland, senior vice president and chief actuary, heads the team that developed this new product. Mr. Arnsdorf, vice president in charge of public relations and advertising, provides marketing support.

1969 Trophy Winning Agents

The President's Trophy is our top honor, presented for "leadership in all-round accomplishment during the year."

In the United States, we have two groups of agents, district and ordinary. One trophy is presented to the #1 agent in each group. And in Canada, the top district agent receives the President's Canadian Trophy.

Here are these 1969 trophy winners and some highlights about them.

Below: George W. Morris, CLU
West Texas Agency, Lubbock, Texas

Over \$9.4 million in 1969 production credit for \$249,084 in premiums . . . the all-time sales leader in Prudential history . . . also won the trophy for 1963 and 1967 . . . 1969 was his 18th consecutive year of more than \$1 million in production; his 9th year of more than \$2 million . . . his 18th consecutive year as a member of the life industry's most exclusive sales organization, the Million Dollar Round Table (where he is a life and qualifying member) . . . joined Prudential in 1950, after graduation from the University of Oklahoma . . . lives in Amarillo, Texas, with his wife, Biddie, and three children . . . is active in the Salvation Army and the Red Cross . . . specializes in large sales to corporate owners and executives.



Below left: Donald D. Slovin
Jefferson Park District, Chicago, Illinois

More than \$3.2 million of 1969 production credit for over \$57,000 in premiums . . . also won the trophy for 1965, with more production credit than any district agent up to that time . . . started his Prudential career in August 1963, sold more than \$700,000 of insurance before that year was out . . . sold a million the following year and more than \$2 million every year since . . . born in Chicago; lives in Skokie, Illinois, with his wife, Rita, and their two sons . . . uses his own life insurance program to help convince others to buy; sells a large number of group-type cases to small employers.

Below: Jean-Claude Cécyre
Verdun District, Canada

In 1969, sold more than \$1.4 million of insurance for over \$21,000 in premiums . . . came with Prudential in 1956, after 18 months with Radio Canada . . . has won seven consecutive President's Canadian Citations; was also a 1968 million-dollar producer . . . is a member of the Knights of Columbus; enjoys golf, fishing, hunting . . . sells mostly to businessmen and farmers, using our copyrighted Dollar Guide (called *le Guide Dollar* in French-speaking Canada) . . . lives in Ste. Martine (population: 5,000), near Montreal, with his wife, Gisèle, a son, and six daughters.



Teamed Up with the Times

"Let's face it.

"Thirty years ago the life insurance industry and the federal government each thought they had a monopoly on what was 'best for the public.' At times, the dialogue got pretty hot.

"But today, the life insurance business and the federal and state governments have joined forces to attack social problems. It's a team effort, and it's proving effective."

The speaker: Fredrick E. Rathgeber, Prudential's executive vice president in charge of administration.

Mr. Rathgeber's point is best illustrated by the industry's cooperation with the government in programs like Medicare and Medicaid, plus something known in the trade as SGLI.

The initials, SGLI, stand for Servicemen's Group Life Insurance. It is one of Prudential's major cases—in partnership with the Veterans Administration.

Under SGLI, about 3.5 million U.S. service people can buy up to \$10,000 of life insurance at low cost. Although almost 600 companies share in SGLI, Prudential is the prime insurer and administers the overall program. We are pleased to report that in 1969, administrative costs for the program were held to less than 46 cents per person insured.

And then there are the life and health insurance twins, FEGLI and FEHB. FEGLI means Federal Employees Group Life Insurance and FEHB stands for Federal Employees Health Benefits. We are reinsurers for both.

As for Medicare, we became one of two New Jersey fiscal agents (administrative money managers) for the program in 1966. Last year Prudential processed nearly 1.5 million Medicare bills...



Left: Executive Vice President Fredrick E. Rathgeber heads the vast administrative complex which includes computer systems, cost control, personnel, the planning and design of new buildings, and the Prudential-administered government health programs—Medicare and Medicaid.

and every week our giant computer whirrs out some 20,000 benefit checks.

In 1969—still another partnership. This time we were chosen to administer and pay all eligible doctor bills and medical expenses for Medicare in North Carolina. We opened a special office there for fast, on-location service.

On New Year's day of this year, Medicaid was born in New Jersey. We are one of two companies picked to process and pay the bills. And in Toronto, our Canadian Head Office is a sub-agent for OHSIP. That means Ontario Health Service Insurance Plan.

"Being teamed up with the times today," says Mr. Rathgeber, "means that we can do an even better job tomorrow."

It's a Big Team...

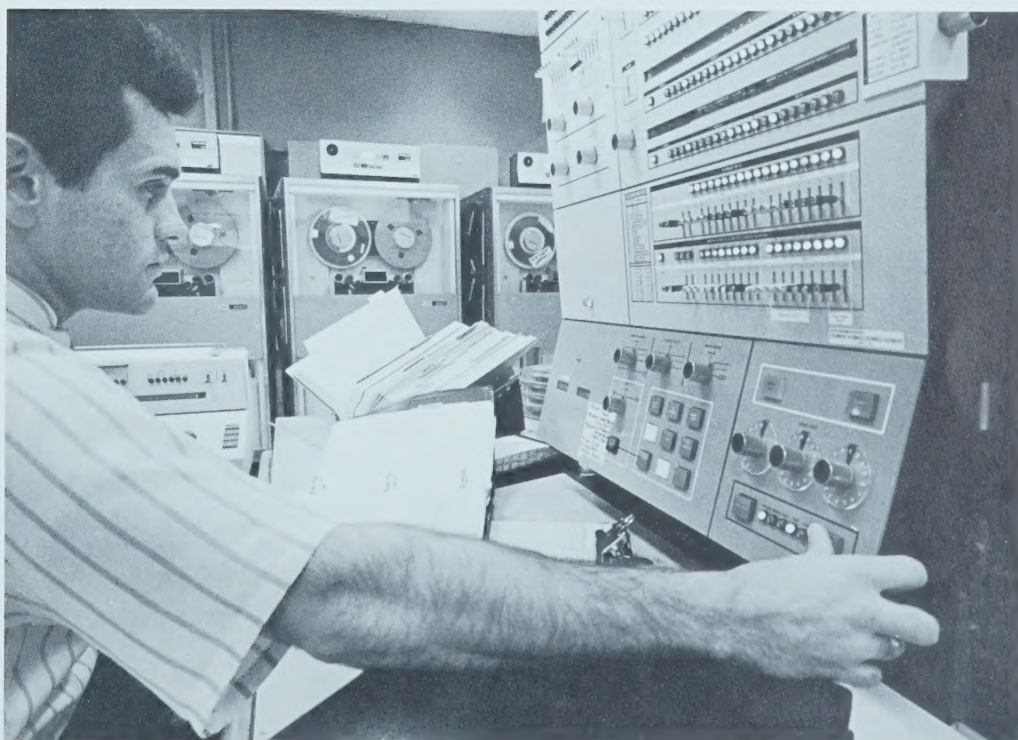
Hundreds of Prudential people lend their time and talent to government services.

Whether in Washington, D.C., or on a town council, their objectives are the same: to help make sound decisions; to promote good government.

During the past year, two of our top executives were called upon by the Nixon Administration to serve on key federal councils. President MacNaughton is a member of the Council on Minority Business Enterprise.

And Executive Vice President Foster is a member of the National General Services Public Advisory Council. Its aim: to advise and counsel the General Services Administration—the multi-billion-dollar purchasing agent and building manager for the federal government.

Below: Prudential's computers mean faster service, greater efficiency, better cost-control in the government programs we administer.



The Men at the Top

Twenty-three men, all distinguished in their fields, make the decisions that help keep Prudential the leader in its field. As the board of directors, they combine their experience and judgment to shape

overall company policy. Mr. MacNaughton is the board's presiding officer.

Decisions made by the board and its committees have far-reaching results. For these men have the responsibility for decisions which affect Prudential and the millions of people it serves in two nations.



Above: Gordon Grand Jr., president and chief executive officer, Olin Corporation. / Bayard L. England, chairman of the board, Atlantic City Electric Company. / David L. Yunich, president, Macy's, New York. / Donald S. MacNaughton, president of Prudential.

Above right: Jess H. Davis, president, Stevens Institute of Technology. / Orville E. Beal, former president of Prudential.

Right: Samuel R. Pierce Jr., counselor at law, partner Battle, Fowler, Stokes & Kheel. / Albert G. Mumma, chairman of the board, Worthington Corporation. / Vincent P. Biunno, counselor at law, partner Lum, Biunno & Tompkins.





Far left: Charles W. Engelhard, chairman of the board, Engelhard Minerals and Chemicals Corporation. /Donald C. Luce, chairman of finance committee and former president, Public Service Electric and Gas Company.

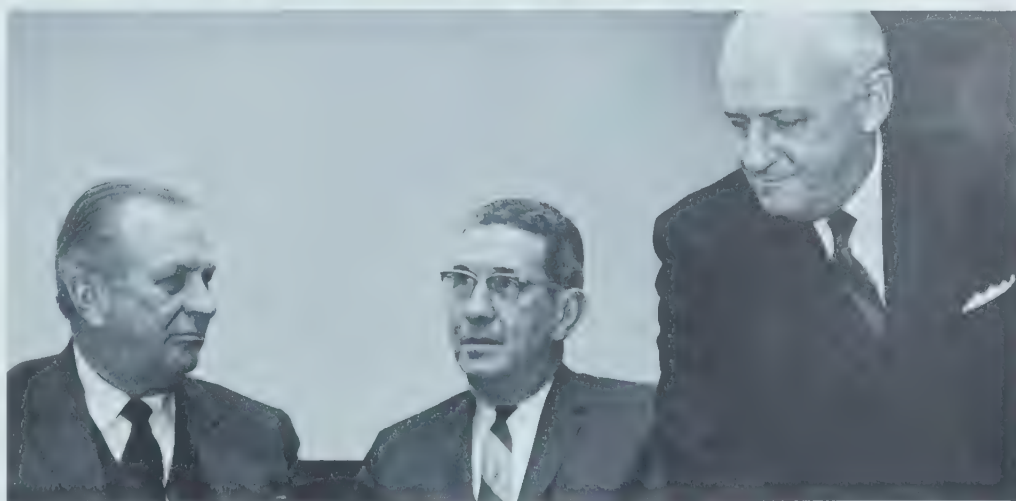
Left: C. Malcolm Davis, chairman of the board, Fidelity Union Trust Company /Sydney G. Stevens, chairman of the board, First Trenton National Bank. /Charles Danzig, counselor at law, partner Riker, Danzig, Scherer & Brown.

Below: Elmer W. Engstrom, chairman of the executive committee, RCA Corporation. /John E. Deitrick, M.D., former Dean, Cornell University Medical College.



Above: Lloyd B. Wescott, president, New Jersey State Board of Control, Department of Institutions and Agencies. /Monroe J. Rathbone, former chairman of the board, Standard Oil Company of New Jersey. /Robert B. Meyner, counselor at law, senior partner Meyner & Wiley.

Right: E. Hornsby Wasson, chairman of the board, Pacific Telephone and Telegraph Company. /Paul A. Gorman, president, Penn Central Transportation Company. /John E. L. Duquet, Q.C., Canadian advocate, barrister, and solicitor, senior partner Duquet, MacKay, Weldon, Bronstetter, Willis & Johnston.



Closer to the People

It started in 1947. That March, Prudential announced a new concept in insurance service. It would build a regional home office in California, with responsibility for sales, service, and other

operations in the western states and Hawaii. If that pilot operation succeeded, others would follow.

In November 1948, Prudential's 10-story Western Home Office opened in Los Angeles. A year later, insurance sold in its western states was up 20% and real estate investments had jumped by 38%.

No one could deny the facts. The experiment was a success.

Western Home Office
Los Angeles, California

Left: *Frederick A. Schnell, CLU*, offers gentle help and encouragement at the Los Angeles Orthopaedic Hospital, where he is a member of the board.

Northeastern Home Office
Boston, Massachusetts

Below: *Thomas Allsopp, CLU*, was 1969 chairman of the New England Executive Committee of the Boy Scouts of America.



It was decided that the next regional home office should be located in Canada—to bring Prudential closer to the people there and give them service custom-made for Canadians. On September 5, 1950, the Canadian Head Office opened in Toronto.

Other home offices—in key locations in major U.S. cities—followed :

July 1952 : dedication ceremonies in Houston, Texas, mark opening of 21-story Southwestern Home Office.

May 1955 : 22-story South-Central Home Office opens in Jacksonville, Florida.

June 1955 : 10-story North Central Home Office opens in park-like setting in Minneapolis, Minnesota.

December 1955 : 41-story skyscraper—the Mid-America Home Office—dedicated in Chicago.

(continued next page)

Pictured on these pages are the senior vice presidents in charge of these nine regional home office territories.

North Central Home Office
Minneapolis, Minnesota

Below left: *Alexander Query* discusses a favorite topic—the importance of self-development through education—with Prudential scholars who earned CLU or FLMI designations last year.

Canadian Head Office
Toronto, Ontario, Canada

Below: *Floyd H. Bragg, CLU*, prepares for a TV newscast, to bring the Prudential message to the people of Canada.



April 1965 : 31-acre Prudential Center—a city within a city—dedicated in Boston, Massachusetts. The 52-story Tower Building houses the Northeastern Home Office.

January 1966 : Eastern Home Office separated from the Corporate Home Office in Newark, New Jersey.

February 1969 : Central Atlantic Home Office announced—to be built on a site about 15 miles north of Philadelphia.

These nine regional home offices, backed up by more than 1,500 field offices staffed by some 40,000 field personnel, have brought many benefits :

□ above all, decentralization has brought us closer—much closer—to the people we serve. And in each home office city, we have become closely identified with the economic, social, and civic life of the community.

□ each regional home office has broad operational authority. The result: greater responsiveness to local needs ; faster decisions ; better service.

□ decentralization has opened up countless job and promotion opportunities for Prudential people.

□ it has created a pool of talent,

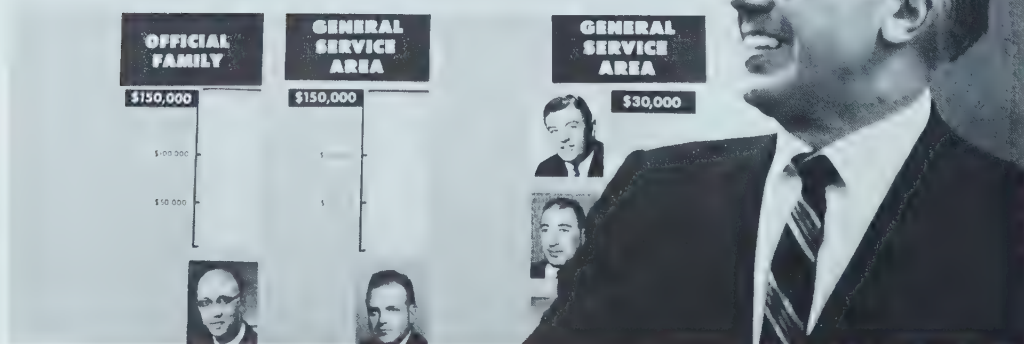


South-Central Home Office
Jacksonville, Florida

Above : *John D. Buchanan Jr., CLU*, is a member of the Jacksonville Area Planning Board—the decision-making body for environmental planning in the Jacksonville-Duval County area.

Mid-America Home Office
Chicago, Illinois

Right : *William Ingram* was co-chairman of the 1969 board of managers' fund-raising campaign for the Metropolitan Chicago YMCA. A record \$633,810 was raised.

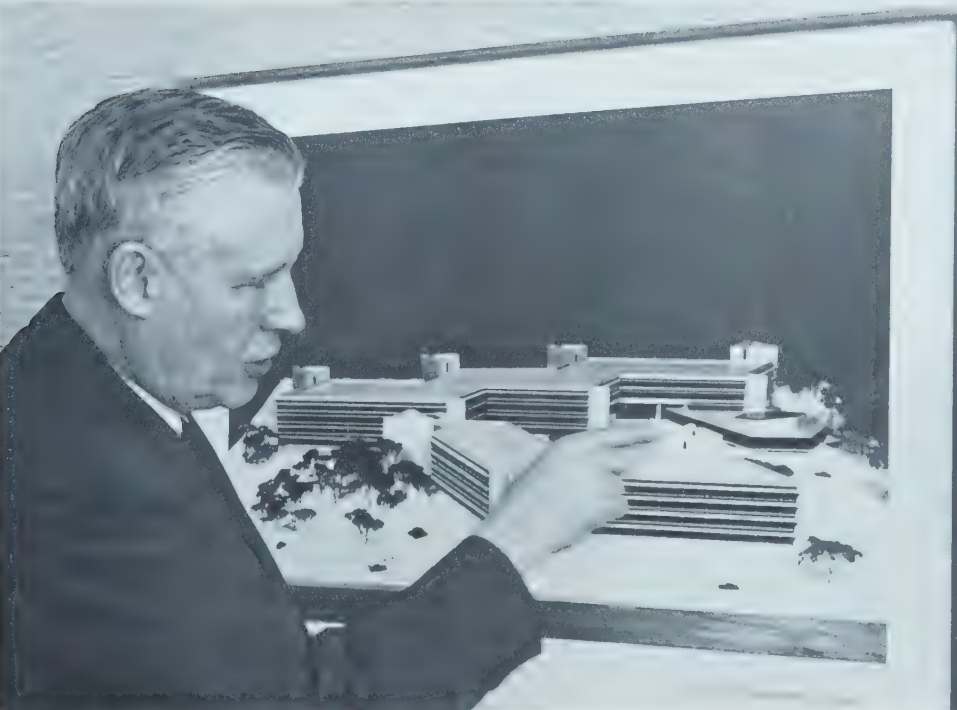


frequently drawn upon for management openings in the Corporate Home Office and elsewhere.

□ a spirit of competition, generated among the regional home offices themselves, has enhanced sales and service results.

□ the regional home offices serve as valuable testing grounds for new ideas—in sales, advertising, electronics, public relations, and investments, to mention just a few.

□ with home offices from coast to coast, Prudential people have greater opportunity for social service at the community level.



Eastern Home Office
Newark, New Jersey

Above left: *Charles B. Laing* keynotes a conference for leading agents from EHO. (Mr. Laing retired recently. Kenneth C. Nichols, CLU, now heads the Eastern Home Office.)

Southwestern Home Office
Houston, Texas

Above: *Duncan Macfarlan*, CLU (second from left), and Prudential board member Samuel R. Pierce Jr. (left), chat with some of our Houston field representatives during a 1969 board visit.

Central Atlantic Home Office
Fort Washington, Pa.

Left: *Raymond W. Cobb*, CLU, points to first-floor dining area on artist's concept of the Central Atlantic Home Office building, scheduled for opening in 1972.

Look at Us Now

Pru . . . Prudential . . . The Prudential . . . The Prudential Insurance Co. . . . The Prudential Insurance Company of America.

Will the real Prudential please stand up?

This is a game we shouldn't have to play—but we've been playing it.

But no more. From now on, our national advertising will show just the *one* name, *Prudential*. And in time, so will our buildings and printed material like letterheads, sales aids, and folders. And we'll also have just one version of the Rock.

What's it all about?

Identification. Consistent corporate identification.

The story behind our new program started last year when Prudential retained

Sandgren & Murtha, a leading design and marketing consulting firm. Their job: to tell us how to take fuller advantage of our name and the Rock.

With the help of a small task force from the corporate home office and four regional home offices, the project began. Interviews were held with Prudential people all over the U.S., and in Canada. Our customers, suppliers, and many others were also contacted.

In addition, samples of the 7,000 tons of printed material we turn out each year were reviewed.

The conclusion: Prudential was not reaping the full benefits of its name nor its trademark. Both were being used in dozens of different ways.

The net result: unnecessary confusion. What Prudential needed most, it was agreed, was one communicative (visual) name, one Rock, one type face. Equally important: a company-wide system to guarantee consistent use.

Several communicative names were considered and dropped. "Prudential of America" (too long) "The Prudential" (like calling yourself "Honest John") or something short like "Pru" (great among ourselves but too cute for the public).

The decision: the one word, Prudential—underlined—would be the new visual name (see front cover).

Our full name, "The Prudential Insurance Company of America," is too long for

Prudential

Life Insurance

Prudential

Health Insurance

Prudential

Annuities

Prudential

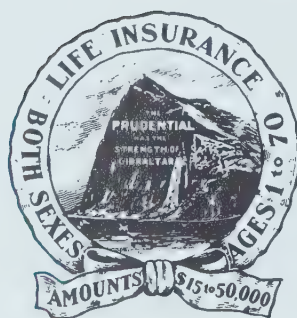
Group Pensions

Prudential

Group Insurance

Prudential

Financial Security Program



Far left: Under the new program, the names of our various services (or subsidiaries) can appear under our company name.

Left: The new Rock (bottom) is an elegant, engraved version of our famous trademark. Among its many predecessors: one circa 1896 (top), and one in use for the last twenty-five years (center).

Right: A "before" and "after" look at one of our national ads.

effective public use. Yet, it does have a great ring of authority. It is being retained as our legal name, for policies and other formal documents.

With the communicative name decided, a closer look was then taken at the Rock. Not with an eye to sweeping change, but for a technique to better convey our heritage to the public.

The recommendation : an elegant, engraved Rock—in a circle, slightly modified, more realistic.

And our “Strength of Gibraltar” slogan will no longer be printed across the Rock at any time. But it may be used under the Rock or to one side of it (see back cover) when appropriate.

The next job : to select one, consistent type face to complement the underlined Prudential and the refinement of the Rock. The decision : Univers—the type face used throughout this issue of *Prudential People*.

Using the same family of type faces will help build consistent public recognition. In the future, all headlines and subheads, and the text of all ads, brochures, booklets, and the like, will be set in Univers.

To tie everything together, a Graphics Standards Manual is being prepared. It will contain all the do’s and don’ts

of how to use our company name and the Rock. Copies will be distributed to those responsible for company graphics, such as our artists, purchasing, and printing people.

It will take many months, even years, to fully implement this program. Cost factors dictate that we first use up our inventory of printed material. But very soon, our TV commercials and ads will tell the public as never before who we are, what we sell, and what else we do.



“Family” in Prudential’s Family Policy means Dad, Mom, and *all* the kids. So it makes no difference how many times you hand out cigars for new arrivals. Every new arrival is automatically insured at no extra cost as soon as he’s 16 days old. Check this life insurance plan with your Prudential man. You’ll agree: *Prudential understands.*

“Family” in Prudential’s Family Policy means Dad, Mom, and *all* the kids. So it makes no difference how many times you hand out cigars for new arrivals. Every new arrival is automatically insured at no extra cost as soon as he’s 16 days old. Check this life insurance plan with your Prudential man. You’ll agree: *Prudential understands.*

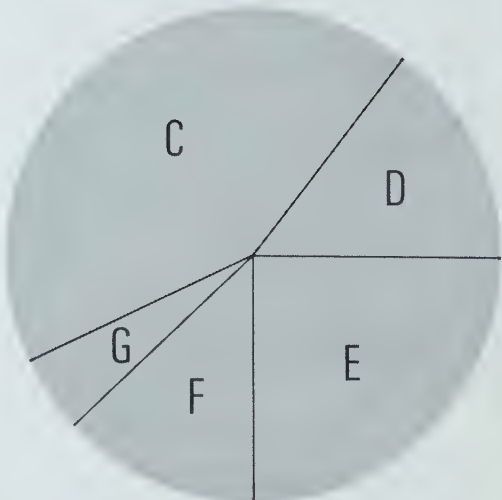
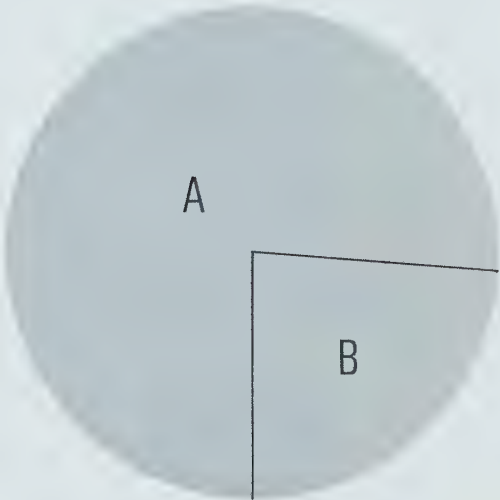
The Vital Story:
Financial 1969

The Income Dollar

A. Insurance premiums and annuity considerations	76¢
B. Investment income (after investment expenses and taxes)	24¢

Where the Dollar Goes

C. To policyowners and beneficiaries (excluding dividends)	42¢
D. Dividends to policyowners	15¢
E. Added to reserves for protection of policyowners	25¢
F. Operating expenses	13¢
G. Insurance and income taxes	5¢



Payments to Policyowners and Beneficiaries

Including dividends of \$767 million, Prudential paid \$2.068 billion to living policyowners and \$823 million to beneficiaries in 1969. Death claims totalling \$19 million were paid on insurance in force less than one year, and additional payments for death by accidental means came to \$39 million.

	(in billions)				
1960	.	.	.	.	\$1.512
1961	.	.	.	.	1.659
1962	.	.	.	.	1.724
1963	.	.	.	.	1.874
1964	.	.	.	.	2.015
1965	.	.	.	.	2.163
1966	.	.	.	.	2.363
1967	.	.	.	.	2.497
1968	.	.	.	.	2.720
1969	.	.	.	.	2.891

Life Insurance Issued

Individual life sales of \$10.835 billion in 1969 were \$219 million over 1968, when Prudential became the first company to pass the \$10 billion mark.

Group life sales reached \$4.172 billion, a new company record and \$829 million over 1968.

	(in billions)				
1960	.	.	.	.	\$9.987
1961	.	.	.	.	9.430
1962	.	.	.	.	8.992
1963	.	.	.	.	10.048
1964	.	.	.	.	10.696
1965	.	.	.	.	13.449
1966	.	.	.	.	12.303
1967	.	.	.	.	13.307
1968	.	.	.	.	13.959
1969	.	.	.	.	15.007

Major Investment Holdings

- In mortgages and ownership of real estate—\$11.656 billion, up \$210 million over 1968.
- In corporate and government bonds— \$10.909 billion, up \$275 million.
- In common stocks—\$2.249 billion, including \$1.065 billion in separate accounts, up \$202 million.

STATEMENT OF FINANCIAL CONDITION

(Based on the statement filed with the State of New Jersey)

Assets

	December 31	
	1969	1968
	(In Millions)	
Bonds	\$10,909	\$10,634
Preferred stocks	104	99
Common stocks	1,184	1,268
Mortgage loans on real estate	10,809	10,606
Real estate		
Investment	847	840
Occupied by Company	91	92
Loans on policies	1,154	996
Cash and temporary investments	203	145
Other investments	120	130
Net premiums secured by policy reserves	750	692
Investment income due and accrued	290	266
Separate Account Business assets (principally common stocks)	1,256	815
Other assets	33	25
	<u>\$27,750</u>	<u>\$26,608</u>

Liabilities and Surplus

Insurance and annuity reserves	\$22,911	\$21,724
Other policy reserves	475	492
Reserved for policy dividends	565	526
Other policy liabilities	1,543	1,541
Reserved for taxes, including in 1969 deferred taxes of \$55 million	159	172
Mandatory securities valuation reserve	405	543
Other liabilities	88	85
	<u>26,146</u>	<u>25,083</u>
Policy reserve required by New Jersey Statute N.J.S.A. 17:34-24	992	928
Additional reserves for fluctuations in securities values and other contingencies	101	101
Unassigned surplus	511	496
	<u>\$27,750</u>	<u>\$26,608</u>

NOTES TO FINANCIAL STATEMENTS—YEAR ENDED DECEMBER 31, 1969

1. In accordance with the requirements of the National Association of Insurance Commissioners, values are stated principally as follows: bonds and mortgage loans at amortized cost; preferred stocks at cost; common stocks at market value; real estate at cost less accumulated depreciation (or at not more than appraised value), and less encumbrances and an aggregate real estate valuation reserve. Assets in the amount of \$697 million are on deposit with governmental authorities or trustees as required by law.

2. Insurance and investment expenses for 1969 include \$39 million for pension plans covering substantially all employees. All accrued pension expense has been funded, and the prior service cost is being amortized on a 20-year basis.

3. The 1968 financial statements have been restated to conform with 1969 presentation, resulting in a net increase of \$35 million in gain from operations (consisting principally of reserve valuation adjustments and in part from Separate Account Business contracts, the provisions of which require capital gains and losses to be applied to the annuity reserves) previously reported in unassigned surplus.

Summary of Operations and Unassigned Surplus

	Year Ended December 31	
	1969	1968
	(In Millions)	
Insurance premiums and annuity considerations	\$3,816	\$3,452
Investment income (net in 1969 of investment expenses of \$64 million, taxes of \$38 million and depreciation of \$20 million)	1,365	1,264
Net realized and unrealized capital gains (losses) on Separate Account Business	(111)	45
	<u>5,070</u>	<u>4,761</u>
Paid or credited to policyowners and beneficiaries (exclusive of dividends)	2,124	1,987
Increase in insurance and annuity reserves to provide for the payment of future claims	1,187	1,103
Insurance operating expenses	633	606
State premium and other insurance taxes	69	69
	<u>4,013</u>	<u>3,765</u>
Gain from operations before dividends to policyowners and federal income taxes	1,057	996
Dividends to policyowners	767	734
Federal income taxes	<u>184</u>	<u>165</u>
Gain from operations	106	97
Net realized and unrealized capital losses on other than Separate Account Business of \$165 million (gains of \$91 million in 1968), less decrease in mandatory securities valuation reserve of \$138 million (increase of \$67 million in 1968)	(27)	24
Increase in policy reserve required by New Jersey Statute N.J.S.A. 17:34-24	(64)	(59)
Increase in the additional reserves for fluctuations in securities values and other contingencies		(40)
Unassigned surplus, beginning of year	496	474
Unassigned surplus, end of year	<u>\$ 511</u>	<u>\$ 496</u>

Accountants' Report

TO THE BOARD OF DIRECTORS
OF THE PRUDENTIAL INSURANCE
COMPANY OF AMERICA

We have examined the Statement of Financial Condition of The Prudential Insurance Company of America as of December 31, 1969 and the related Summary of Operations and Unassigned Surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The legal reserves and statutory apportionments were certified by the Commissioner of Banking and Insurance of the State of New Jersey. The other policy reserves and the sums reserved for policy dividends were certified by the Chief Actuary of the Company.

In our opinion, based upon our examination and upon the above certifications, the financial statements referred to above present fairly the financial position of The Prudential Insurance Company of America at December 31, 1969 and the results of its operations for the year then ended, in accordance with accounting treatments and valuations prescribed for life insurance companies and in conformity in all material respects with generally accepted accounting principles applied on a basis consistent with that of the preceding year as restated (see Note 3 to financial statements).

Touche Ross & Co.
Certified Public Accountants

A Second Step Forward

A unique expression of community concern and commitment was made by the life insurance industry in late 1967 when 163 companies pledged \$1 billion to aid America's cities. Prudential's share of that promise—\$157 million—was invested in programs to improve housing and help create jobs.

So successful was the overall effort that the life insurance industry doubled its pledge in 1969 and promised to invest a second billion. Prudential increased its total pledge to \$325 million.

By year-end 1969, Prudential had committed \$230 million to finance 16,000 housing units and create 8,000 jobs. The loans cover a broad spectrum of community life—homes, hospitals, supermarkets, factories.

Initially, most of our investment was in housing. But recently, more emphasis has been placed on ways to finance job-creating enterprises and develop inner-city businesses.

For example, in Chicago, a Prudential loan has helped a black-owned bakery expand and provide jobs for more bakers and route salesmen. In California our loan on an aircraft assembly plant will help create jobs for



300 minority workers. In Houston, financial backing for a toy manufacturer will mean jobs for Mexican-Americans and other minority groups. In Boston, we provided working capital for a black-owned newspaper.

In New Jersey, a take-out fried chicken store has opened in a ghetto area . . . a restaurant owner plans a catering service for a black community . . . and a black-owned computer service firm is now in business.

To rebuild . . . to revitalize . . . to help replace blight and prejudice with change, opportunity, and hope. This is the industry's goal. Time will be needed to achieve it, but progress is being made.

Dream Come True

It took Leonard Prather almost a year to finance his dream—a black-owned computer service bureau. After 15 years of computer experience with the government, he felt confident he could operate a sophisticated computer service, and he knew there was a growing market for it. But when he sought backing, he ran into difficulty. Finally, a branch of the local Urban Coalition (our president, by the way, is on the steering committee of the national organization) sent him to Prudential's eastern home office commercial and industrial loan department. Soon after, EDAPCO, Inc., was in business.

The Newark-based firm offers full computer accounting services. Eight full-time and three part-time employees—both black and white—run EDAPCO, and more will be hired as the firm grows. Prather expects to gross nearly a half-million dollars this year. He feels confident it will mushroom into a multi-million-dollar operation.

Last year, in addition to our pledge under the second billion, Prudential volunteered to assist in the federal government's "Project Enterprise"—a major program to finance minority business.

We were the first life insurance company to join the program and the first to set up a subsidiary to implement it. The subsidiary is called Prudential Minority Enterprises, Inc.

Left: EDAPCO's Leonard Prather (left) demonstrates the firm's computer system to Prudential's George Alai and Vincent Amabile (right). It can read or write 20,000 characters a *second*.

Right: In southeast San Diego, a Prudential loan helped build the Bay Vista Methodist Heights Apartments—the first new housing in that neighborhood in years. The 16-acre community houses 268 families—mostly black, American Indian, and Mexican-American.



Because They Care

By day, they pay claims, run computers, print policies, sell insurance.

After hours and on week ends, they teach the deaf, work in ghetto areas, help in hospitals, serve on rescue squads.

In hundreds of communities in the 50 United States and 10 Canadian Provinces, Prudential people volunteer

their time in worthwhile civic, charitable, and community causes—because they care.

In 1968, to recognize and honor them, Prudential established the Community Service Award. In the past two years, there were 1,125 nominees, and 346 winners were selected by the judges.

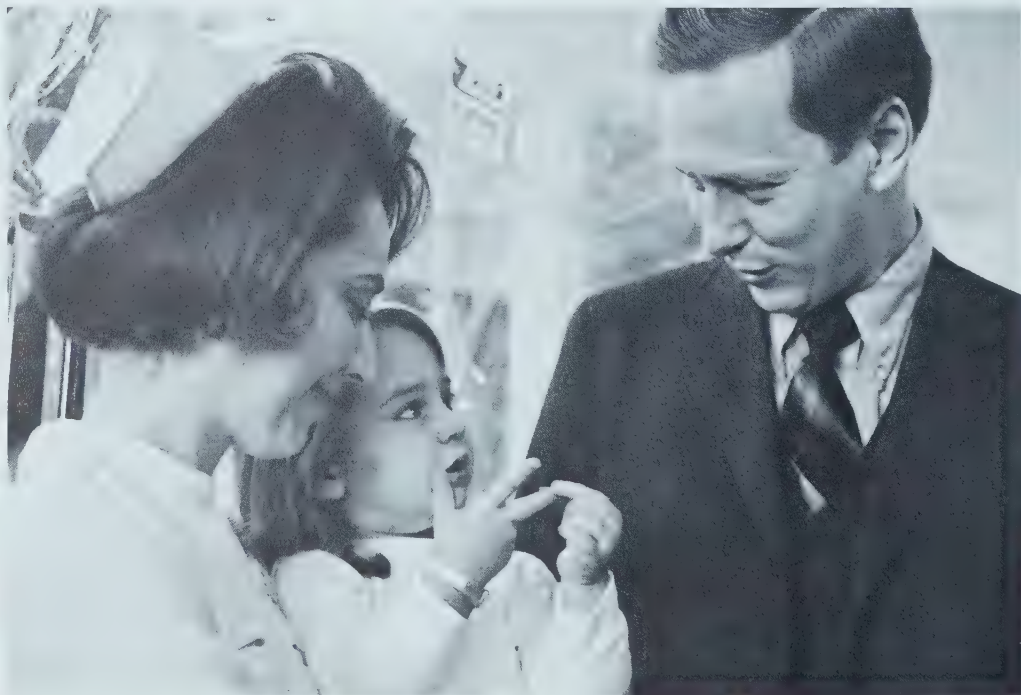
We wish it were possible to picture all of them. But, with pride, we present this cross-section of winners.



Above right: Lee M. Klopfenstein of Chicago, Ill., teaches Boy Scouts photography and meteorology; develops hobby and career interests. At a local sports club, he also teaches young people the proper use of firearms.

Above far right: Mary F. Copeland conducts discussion groups for high school girls at the Newark, N.J., YWCA. She helps them solve problems, counsels them on job opportunities, assists them in organizing committees to raise funds and collect clothing.

Right: In Coon Rapids, Minn., Ronald H. Carlson helped solve districting problems so that Mercy Hospital could be built there; then raised funds for the building.





Left: At the East Orange, N.J., Veterans Hospital, Elaine M. Reininger chats with a serviceman. Elaine organizes Christmas gift campaigns for veterans; rounds up groups of co-workers to visit hospitals. She was named an honorary member of the 25th Infantry "Lightning" Division.

Below left: For more than three years, Agent Barry D. Calhoun has been volunteer fire chief in Lawnton, Pa. He helped raise \$12,000 for a new fire and rescue truck; trained teams of men in its use.

Below: In recognition of her work with the Hollywood, Cal., USO, Nancy R. Brown was named "Girl of the Year" and represented her unit at the national USO convention. Nancy has been a USO volunteer for almost three years.



The Investors

If the 10 million dollars that Prudential invests every working day were put end to end, they'd stretch from New York City to Chicago or from Los Angeles to Albuquerque—in each case with 100 miles to spare.

From coast to coast—in both Canada and the United States—Prudential investment dollars are at work. In jetliners, computers, shopping centers. In electronics, space technology, housing. And the money earned on these investments helps lower the cost of insurance.

Our investment operation begins when the policyowner pays his premium. That premium—joined by millions of others—is promptly put to work by our investment departments, in productive, imaginative ways.

Says *Business Week*: "The Pru's aggressive, innovative, sometimes daring, but highly successful investment program is one of the prime reasons why today it is the life insurance industry's largest company."

"Aggressive . . . innovative . . . daring." Let's take a look at some of the reasons behind that *Business Week* opinion.

One reason: our network of real estate investment offices in the U.S. and Canada. In key locations, they give on-the-spot service to borrowers.

Another reason: a change in investment attitude. In the late 40s, we reexamined

our investment policy. As a result, we decided to broaden our investments in industries with a higher-yield potential. And our bond department expanded its direct-placement loans to businesses. Corporate borrowers liked having a sort of private bank. And they were willing to pay higher rates for the flexibility of individually tailored plans.

In 1956, we created a new department—commercial and industrial loan. It gave us an investment edge in loans to small and medium-sized businesses. The department is staffed by a group of young investment specialists. Average age: 30.

Perhaps our most daring investment move started in 1950. That year, we

Frank J. Hoenemeyer, left, executive vice president in charge of the investments area, with department heads: Senior Vice Presidents Raymond A. Charles, bond; Proctor H. Barnett, real estate investment; C. J. Faherty, commercial and industrial loan; Edgar F. Bunce Jr., common stock; and Edward D. Zinbarg, vice president and chief economist; and Bryan Wilson, CLU, vice president and treasurer.

became one of the first life companies to buy equities—once the pariah of the insurance investment world.

In the intervening years, common stocks have played an increasingly important role in our investment program. Our first purchases were for our general account. Then, in 1962, we began to set up separate accounts—made up primarily of common stocks—to fund our equity-based retirement plans and variable annuities.

Our latest equity account—Prudential's Gibraltar Fund—is the investment base for our new Financial Security Program.

Additional emphasis was given to our common stock investment operation when, in 1969, we established a separate department to handle all common stock transactions

To make our investment programs work smoothly, special attention must be focused on our cash flow. The

treasurer's department forecasts how much cash to keep on hand; how much to invest now; how much will be on tap a year or more from now.

Temporary surplus cash is invested for periods as short as one day to six months or more, depending on the need for funds.

Since all investment decisions relate directly to economic conditions, our investment staff works closely with our economics department. Some questions it weighs: which way will interest rates
(continued next page)

It was a very good year

Again last year, our investment results were excellent.

Our total portfolio brought a return of 5.39 percent before federal income taxes, compared with 5.21 percent in 1968. And the return on new investments authorized in 1969 rose to 8.68 percent, compared with 7.55 percent the year before.

In Canada, the portfolio at year end carried an overall rate of 6.42 percent

One measure of our success is to match our investment results against those of our competitors. Compared with the average of the life insurance industry, we captured a 1969 yield advantage of 4/10 of one percent.

That may not seem like much. But when applied to our entire investment portfolio, it adds up to \$100 million



go? Will the money supply tighten or loosen? What's the future impact of inflation?

Life company investors have felt inflation's impact in two major ways:

☐ many people used to pay their mortgages in advance. Not so today. There has been a sharp dip in mortgage prepayments. We thus have less money to invest from this source.

☐ more people borrow on their policies. This has siphoned off money otherwise invested.

Another impact of inflation is that the dollars we pay out in benefits buy less.

We are in business to replace income due to death, disability, or retirement. It is of deep concern to us that inflation has eroded the purchasing power of the dollars we pay out.

This is one reason we seek more productive and imaginative sources for our investment money—to increase the potential for higher yields and bigger dividends. We are a mutual company and have no stockholders. Therefore, returns from our investments are divided among our policyowners.

Higher returns also help offset rising operating costs and keep our products competitive.

One thing is certain. Investment change is coming faster these days. Our philosophy: anticipate it, adapt to it, or better yet, help create it.

The investors in our corporate home office, their counterparts in the field and in our nine regional home offices are doing just that.

Another Innovation—the Joint Venture

We supply the money. They supply the day-to-day operating know-how. Thus was born a new concept in Prudential financing—the joint venture.

In these ventures, we join top developers in multi-million-dollar projects. They develop, build, and operate them. We put up the cash.

Our first joint venture dates back almost two years. Today, we are partners in 26 joint ventures, ranging from a network of mobile home parks to a whole new city—Westlake Village, 40 miles from Los Angeles.

Joint venture: Westlake Village, California, is already a thriving community of 5,000 people. Each of several neighborhoods has its own schools, parks, and shopping areas. When complete, the 10,000-acre city will have a population of 70,000.



Action in Phoenix

In Phoenix, Arizona, only an electrical impulse away from Wall Street, our new, equity-based, Financial Security Program is in high gear.

Senior Vice President Alan M. Thaler heads a staff of 300 who handle the administrative and technical aspects of FSP and also provide advisory service to our regional and corporate home offices.

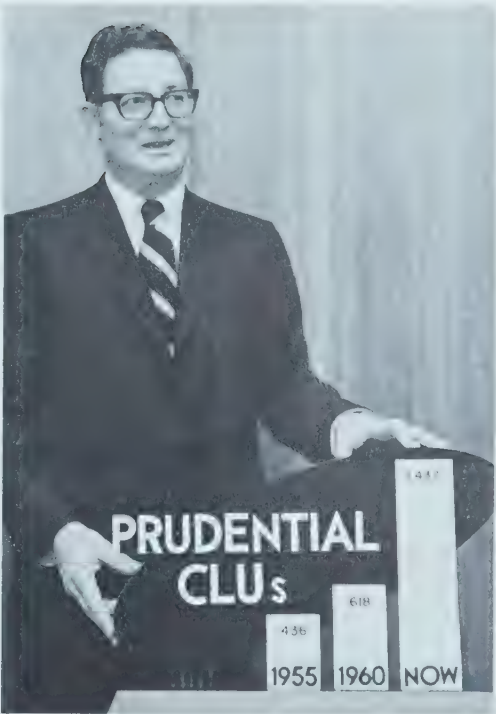
The program, introduced January 2 in California, is now offered in several states. By year-end, it will be offered in nearly all states.

Taking a close look at the latest developments in Prudential's Financial Security Program Office are, L to R: Lucien R. Jones, FSPO's director of administrative operations; Alan M. Thaler, senior vice president in charge of FSPO; and President MacNaughton.



Heads National Society

The Chartered Life Underwriter's key, a badge of professional distinction, is worn by more men and women from Prudential than from any other insurance company. And, since 1955, the number of Prudential CLUs has more than doubled. This year, the president of the American Society of Chartered Life Underwriters is a Prudential Special Agent—Louis J. Toia, CLU, of Springfield, N. J.



The Choice

by Mrs. Howard Willingham

Decisions. So much can depend on making the right one. The editors of *Prudential People* invited Mrs. Willingham to tell about the one her husband made and the difference it made in her life . . .

As a recent widow with six children, having lost my husband at a very young age with cancer, I would like to try and put into words what a life and a health insurance policy with Prudential have meant to me and my children.

Five years ago, my husband pondered over whether he should buy more insurance or start some kind of investment plan. He finally chose insurance with Prudential.

Three years ago, my husband had a cataract operation on his left eye and couldn't work for two months, a year later another cataract operation on the other eye, and in February of last year cancer was discovered. He was confined to bed much of the time until September, when he passed away.



While he was sick, I honestly don't know what the children and I would have done without his Prudential health policy which paid \$100 a week when he couldn't work. Without the health policy we would have been so in debt that the life insurance wouldn't have been able to give the children and me the security we have today.

There were many months, early in his illness, when we didn't know where the insurance premium was coming from, but somehow we always managed. With children it is almost impossible these days to save any money, but somehow you always seem to meet an insurance premium, so to me it was like putting money in the bank.

Now with his passing I have the security of knowing I don't have to go out and find work immediately and that my children will have food and clothing and money for their education. Somehow during life we always feel this happens to everybody else but never to us.

Since September I have thanked God for giving my husband such foresight and for a thoughtful and kind Prudential Agent. In my time of sorrow he has given me more help and time than I could ever thank him for.

Last year, Prudential paid more than \$543 million in health insurance benefits and over \$800 million in death benefits.

The figures by themselves mean little, big as they are. Far more important is what these benefit payments mean to the people who receive them—people like Mrs. Willingham and her children.

Left: Danny Willingham and his mother often chat by the fireplace. *"I have to be both mother and father to Danny now."*

Right: Agent Tom Randolph of the Baltimore Agency helped Howard Willingham choose Prudential. *"Mr. Randolph has been of tremendous help in getting things straightened out."*

Below: *"What is really important to me is that I can be home when the children are there."* At left, Susan, 16, and Danny, 12.



Basketball Film Debuts

Our latest physical fitness film, "The Name of the Game is . . . Basketball," is now available to groups on a free-loan basis.

The film premiered in December before 120 Newark, N.J., high school basketball players. The 28-minute color and sound movie features 14 of the sport's top professional stars. Prudential produced the film in cooperation with

the President's Council on Physical Fitness and Sports, and the National Basketball Association.

Our first two physical fitness films (on football and baseball), have been seen by more than 56 million people.

Mike Riordan of the New York Knickerbockers (standing) and Lou Hudson of the Atlanta Hawks (right), two of the 14 stars featured in the film, were on hand to greet schoolboy cagers at the Newark premiere.

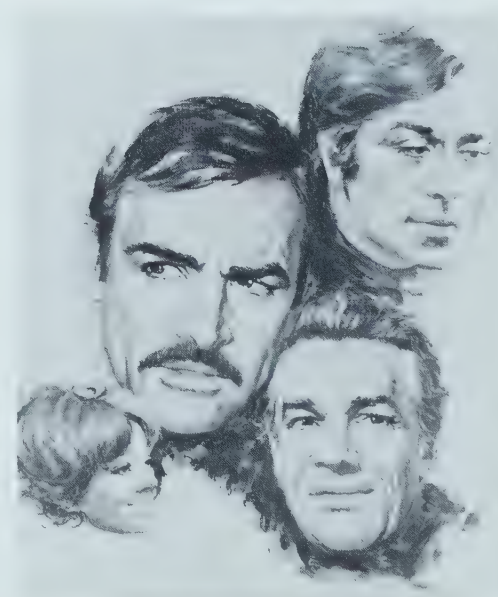


TV Dramas Win Acclaim

"Prudential's On Stage," our series of original TV dramas, won critical acclaim in 1969.

The most popular show, "Male of the Species," was aired in January and repeated last September. It starred Sean Connery, Michael Caine, Paul Scofield, and Anna Calder-Marshall. The latter two were awarded "Emmys" for their performances.

The six NBC telecasts were in prime time. Each show reached an average of over 11 million homes.



Education is the Key

Prudential people everywhere are using education to help further their careers.

The number of job-related courses on hand reads like a college syllabus:

Life Office Management Association (1,200 Prudential students in 1969) . . . Chartered Life Underwriter (1,400 took courses last year) . . . Life Underwriter Training Council (1,800) . . . Prudential Management Seminar (96) . . . Executive Management Program (32) . . . Prudential Management Forums (300) . . . Actuarial courses (50).

Then there are specialized courses in claims, health insurance, or . . . public speaking. You name it—Prudential promotes it, supports it, and sponsors it.

Like to earn a diploma or college degree at night? Consider our Tuition Refund Plan (510 employees took courses under the program last year). Want to help your college financially? Our Matching Gifts Program can double your contribution (\$64,000 matched in 1969).

Want a four-year college scholarship for your teenager? (our Merit Scholarships helped pay bills for 71 students last year).

Education is the key . . . to self-advancement; to job satisfaction.

If you want to better yourself, your company is ready to help.

Tops in the Industry

For many years, Prudential has led the industry in the number of CLU and LUTC graduates.

Last year, 186 employees completed all CLU exams. Company-wide, there are now more than 1,400 Prudential CLUs.

And our 835 LUTC life and health graduates last year brought the company total to over 13,000.

Pat Clancy is well on his way to a B.A.—with the help of our Tuition Refund Plan. For every course that Pat passes, Prudential pays half. (\$57,600, company-wide in 1969). Pat—an evening student at the University of Toronto—is from the Canadian head office underwriting division.



Class of '69

The NOW generation is joining the ranks of Prudential.

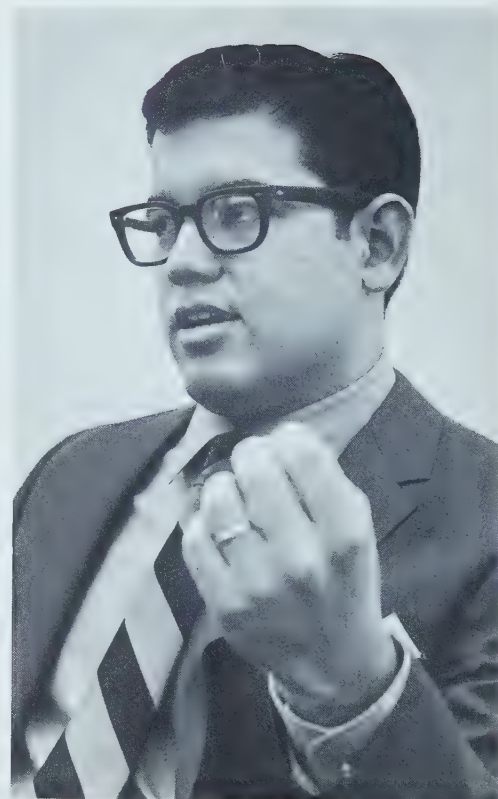
They come with new ideas about speech, dress, music, and social change.

They arrive with better educations, greater affluence, and more sophistication than graduates before them.

They are carefree, yet concerned about the well-being of others. They are practical, yet seek something beyond financial security—in their work and in their world. They are non-conformists, yet eager to explore new ways to shape and influence the Establishment—without tearing it down.

As a business concerned with the future of people, and increasingly concerned with change and man's quality of life, Prudential says to its Class of '69 . . .

Welcome !



Below far left: Rita Miller,
Machine Services Division
Corporate Home Office
Carteret High School

"A big company is a good place for a graduate to start work; you have a chance to build your self-confidence with other new people around you."

Left: Fernando Lozano,
Ordinary Policy
Southwestern Home Office
Immaculate Conception Seminary

"I like working for a company that deals in family security and is involved in community action."

Below left: Robert Rhoads,
District Agencies Administration
Central Atlantic Home Office
Penn State University

"Today's graduate is looking for many things in a job; certainly more than just a good salary and a pension."

Below: Mrs. Arena Stanley,
Group Eastern Division
Eastern Home Office
Virginia Union University

"I think Prudential is a place where I can learn and really make a contribution to the company."

Below: James Ault,
University Agency
Mid-America Home Office
University of Illinois

"Selling insurance is a rewarding career. My work brings me in contact with interesting people every day and is very satisfying."

Below right: Joyce Brown,
Planning Division
Canadian Head Office
Aberdeen University, Scotland

"As a stranger in Canada, I appreciate the friendliness and helpfulness of the people I work with."



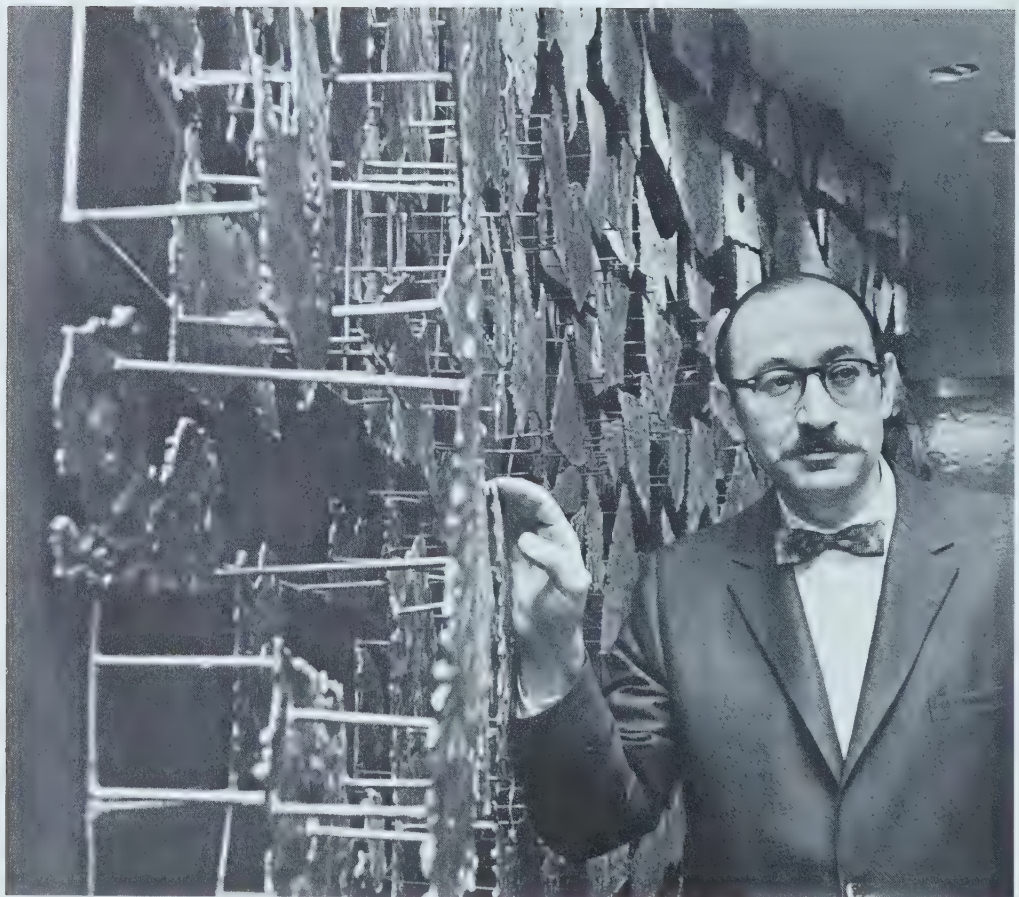
The Future

The 70s, the 80s, the year 2000 . . .
what will they be like?

Many exciting, new professions have been created since World War II. But perhaps one of the most exotic is to be found within Prudential—the futurist.

For the last two years, Dr. R. Morton Darrow, vice president, planning & analysis, has been the company's and the insurance industry's only full-time futurist. His responsibilities include peering into the next 30 or 40 years to discover what the future holds for the world, for American society, and for Prudential.

It is difficult to characterize Dr. Darrow's forecasts about the futures that lie ahead. Certainly, they defy easy labeling such as "optimistic" or "pessimistic." At a recent conference in Canada, he offered this explanation: "Some futurists see the flow of history as a



road going ever higher to new excellences. Other futurists see us in a stream flowing down to Hades as time carries us away from some long-past utopian era. Still others see history as a wheel on which past sequences of events will be repeated *ad infinitum* with the passage of time.

"I see history as a vast cavern in which the world's nations, institutions and other complex groups float in the air. Through cracks in the walls of the cavern, ceaseless winds of varying velocity—representing movements such as religion and nationalism—cause eddies and air currents. The various groups, themselves, are self-propelled by internal forces and are repelled or attracted to other groups.

"To complete the picture, a new fissure may open unpredictably in the cavern wall and a strong, new wind toss everything around. The groups collide, break apart, form new groups, or spin off with new motion causing chain collisions. Frequently, the inner dynamics and the structures of the affected groups are substantially altered."

What in this whirl of motion and collision does Prudential's futurist see in the next three decades for the people of the United States and Canada?

Boom or Bust

We will have recessions, but the probability of a great depression on the scale of the 1930s is fairly low (ten to one). In the developed countries, the combination of the present economy, modern technology and government know-how will add up to a long-term annual gain of 3-4% in gross national product, plus average annual inflation of 1.5%. The annual growth rates in the less developed countries will average between 2-3%. Thus, by the year 2000, the difference in the standard of living between the have and have-not countries will be wider than it is now.

Prudential in the Seventies

The seventies will be a Golden Age for the company. Insurance sales will reach new peaks. This forecast is based on projections of the three ingredients that make our business: money, people, and values.

Money—By the end of the decade, families will have an average of 40% more real purchasing power than did families in the 1960s.

People—There will be more customers for Prudential products than ever before. For example, the number of families in the prime market age—25 to 34—will average 40% greater in the 70s than in the 60s, due to the great population bulge caused by the immediate post-World War II birth rates.

Values—The fears and insecurities raised by death, illness and old age will continue unabated. Not only will there be a social need for our insurance products but the individual agent will still need to overcome the fear and transform the need to a want.

This bright marketing picture will see job opportunities galore. New Prudential ventures into related financial security fields will create more demands for all levels of management than can be filled internally. In addition, changes in management philosophy will be introduced to bring about new dimensions of responsibility, creativity, and a pervasive sense of excitement.

Prudential in the Eighties

This decade will be a trying time. Environmental pressures outside company control will force basic changes. The population bulge will shrink and change our market profile.

To meet these problems, the industry may well adopt a new marketing concept—the life cycle client account. For example, an individual, age 25, who is the head of a family, will start an

Futurist Darrow taught politics at Princeton, history at CCNY and Pace, and economics at Rutgers. Before he joined Prudential, he was Secretary of the Department of Conservation and Economic Development for the State of New Jersey.

"account" to provide specific amounts for health benefits, savings, equities, new product lines, disability and death benefits. At specific periods, the family head will be re-programmed to meet changing needs. The implication of this life cycle client account will be a new service approach involving extensive use of computers and new administrative procedures.

Society in the Eighties and Nineties—the year 2000

Most futurists agree that this period will be greatly concerned with the problem of leisure. They forecast that increased knowledge, technological improvements, automation, and a flood of material goods will have solved most of today's problems.

Dr. Darrow dissents strongly from that majority view. At a recent conference, he offered this explanation: "We fail to appreciate the time and money needed for social reconstruction lying ahead.

"I fail to see significant indications of self-renewal in our basic institutions or the heroic stance necessary to prevent the present crises of the cities (population, pollution, education, crime and violence, housing and transportation) from escalating into similar crises in the 1980s and 1990s.

"Our urban crisis is so deep that even if we had a body of usable knowledge, a usable repertoire of proven techniques, dedicated citizenry, technicians, professionals and political leaders—and

committed funds—it would take 20 years before substantial progress was evident.

"Some monumental effort may prove me wrong. Miracles have been wrought before by an aroused citizenry."

The Hope and the Dream

No discussion of the future would be complete without some comment on the role of youth and youth values. Dr. Darrow believes that we raised our children in a secularist society placing great weight on a questioning, "scientific" attitude. As a society, we deluded ourselves and our children into a belief that all problems were readily solvable given enough money, people, and will.

Thus, when our children under the impact of a souped-up, post-Sputnik educational system, mass media, and a relatively affluent society turn their gaze on our pluralistic, confounded value system—why should they not question what they find? We taught them to question, to refuse to accept inconsistencies and contradictions, to challenge the legitimacy of authority.

The hope for the future does not lie in the wish that as youth ages it will stop questioning and adopt the values of its elders. Rather, the hope is that with maturity, youth will help frame the values that, purged of the bad and the irrelevant, can guide society to the greatness that lies ahead.

The greatness is the dream of the American promise—the promise not only for the relative few who came to these virginal shores, but for the people of all lands. Prudential people, Dr. Darrow believes, can help make this dream come true through an awareness of the trials and opportunities that lie ahead for all of us—as corporate citizens, as voters, as employees, as parents, and as the inheritors of a grand tradition.

*Prudential
Has the Strength
of Gibraltar*

